

1                   UNITED STATES BANKRUPTCY COURT  
2                   SOUTHERN DISTRICT OF MISSISSIPPI

3  
4   IN RE:   SLABBED NEW MEDIA, LLC  
5               CASE NO. 15-50963-KMS

*Exhibit "K"*

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9                   FIRST CONFIRMATION HEARING  
10                  TESTIMONY OF DOUGLAS HANDSHOE

11                  Before the Honorable Katherine M. Samson  
12                  United States Bankruptcy Judge  
13                  Gulfport, Mississippi  
14                  June 2, 2016

15                  REPRESENTING THE U.S. TRUSTEE:

16                  Mr. Christopher Steiskal (by video)

17                  REPRESENTING THE DEBTOR:

18                  Mr. Craig Geno

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1                   DOUGLAS HANDSHOE,  
2   being first duly sworn, testified as follows:

3                   DIRECT EXAMINATION

4   BY MR. GENO:

5                 Q   Mr. Handshoe, state your full name  
6   for the record, please, sir.

7                 A   Douglas Kyle Handshoe.

8                 Q   what is your business address?

9                 A   110 Hall Street, Wiggins,  
10 Mississippi.

11                Q   Mr. Handshoe, tell the court your  
12 formal educational background briefly, please,  
13 sir.

14                A   Got a high school degree from  
15 St. Stanislaus, honors diploma from The University  
16 of Southern Mississippi, majoring in accounting.  
17 And that's pretty much the formal education. 25  
18 years-plus as a practicing CPA. Lot of school of  
19 hard knocks through that time, but there's....

20               Q   When did you obtain your Certified  
21 Public Accountant license?

22               A   Actually obtained the license in 1993  
23 after I fulfilled the experience requirements  
24 associated with getting it.

25               Q   And have you been engaged in the

1 practice of general public accounting since that  
2 time?

3 A Yes.

4 Q Do you have any specialties or  
5 special areas in which your practice concentrates,  
6 or are you in simply the general practice of  
7 public accounting?

8 A My practice has historically been  
9 centered on auditing, including some forensic  
10 auditing, a lot of K-12s here in Mississippi, a  
11 bit of higher education, and a lot of construction  
12 companies.

13 Q Has your work experience branched out  
14 into other areas in the recent past other than  
15 public accounting?

16 A Yes.

17 Q Tell us about that.

18 A After the hurricane, when insurance  
19 became so topical down here as people were trying  
20 to get their policies honored, that became a  
21 tremendous area of interest, both in the news and  
22 for myself personally. And out of that, and  
23 learning about not only the policies but the  
24 litigation behind it -- and Lord, there's been a  
25 lot; some of it's still going on -- got drawn into

1 actually blogging about the insurance litigation  
2 here on the Coast after Katrina, also the similar  
3 litigation that happened in Louisiana, which they  
4 were affected by Katrina, Rita, those storms. So  
5 it actually turned into a regional-type subject  
6 with that active 2005 hurricane season and  
7 policyholders pretty much fighting that same  
8 battle from Florida all the way over to Texas.

9 Q So did it start out as sort of a  
10 hobby and morphed into something more?

11 A Be hard-pressed to call it a hobby.  
12 More of kind of like a civics project more so than  
13 a hobby. We closely coordinated with Gene  
14 Taylor's office. At that time Gene was working  
15 very hard to get some insurance solutions through  
16 Congress. And, of course, as a part of that, we  
17 met a lot of the attorneys, the plaintiffs'  
18 attorneys, the Rigsby sisters.

19 So a little bit more than a hobby.  
20 Much more as a civic -- you know, trying to give  
21 back a little bit. We were very fortunate. We  
22 got paid on our insurance, all of our policies  
23 after the hurricane, so we were just trying to  
24 give back and help the community a little bit any  
25 way we could.

1           Q     How did your blogging civics project  
2 develop after some of the hurricane issues had  
3 been resolved or had been blogged about  
4 extensively?

5           A     Yeah. In about 2009 some other  
6 issues came up, including the political corruption  
7 scandal in Jefferson Parish that's really the root  
8 of all the lawsuits that I'm dealing with; the oil  
9 spill in 2010, with some of the coverage that we  
10 did. And at that time there was a nice lady from  
11 Central Mississippi who was also publishing  
12 articles.

13                 Out of the oil spill we had some  
14 national recognition for some of the work that we  
15 did related to that and some of the complex  
16 multi-district litigation that was happening over  
17 in New Orleans with the drill moratorium and those  
18 sorts of things. Seems like the topics never  
19 stopped coming after that point; but with the  
20 insurance battle largely wrapping up, we turned  
21 our attention to the numerous public corruption  
22 scandals that were in the area.

23           Q     Did you obtain a domain name?

24           A     Could you repeat that?

25           Q     Did you obtain a domain name?

1           A     Yes, I did, in 2010. We were hosted  
2 with WordPress, which was a free blogging service  
3 based out of San Francisco. And in 2010 we kind  
4 of decided that we needed to go to a more formal  
5 URL name. Instead of Slabbed at WordPress dot  
6 com, we reserved our own domain, Slabbed dot org.  
7 And I did that, if I recall, in February of 2010,  
8 about a year and a couple of months before the LLC  
9 was actually formed.

10          Q     Who owned the domain name initially?

11          A     I did.

12          Q     And when did you form Slabbed New  
13 Media, LLC?

14          A     In April of 2011.

15          Q     Did you personally transfer, then,  
16 the domain name into Slabbed New Media?

17          A     Yes.

18          Q     Has it owned it since that time?

19          A     Yes.

20          Q     Describe for us the business  
21 activities that you engaged in after obtaining the  
22 domain name, and then after you transferred it to  
23 Slabbed New Media, its business activities.

24          A     The domain itself, registering the  
25 domain is, like, a \$20 a year activity. It's not

1 a whole lot. But when you have to go execute a  
2 hosting arrangement with an actual web host to  
3 hold your files, there begins to be some cost. We  
4 had always split the Pacer account previous to  
5 formation in terms of the money, but that became a  
6 pretty good-sized expense.

7 So in 2011 we started to solicit  
8 reader support, not so much advertising but just  
9 asking the readers, If you like what you see and  
10 you want to support the mission, send some money  
11 in and that will help us pay for the web  
12 registration and the monthly cost with the web  
13 host, the Pacer account, those sorts of things.

14 And revenue pretty well did cover  
15 those costs. Through time, was able to show small  
16 profits in 2012, which was really -- January 2012  
17 was when we really got started in earnest trying  
18 to make money for the LLC to cover these costs.  
19 And we were able to make a couple or \$300 a year  
20 in 2012, 2013.

21 Q Is Slabbed New Media a for-profit or  
22 a not-for-profit entity?

23 A A for-profit.

24 Q was it your intent from the beginning  
25 to make money at Slabbed New Media?

1           A       Yes. Yes. As an accountant I don't  
2 believe in loss leaders.

3           Q       Has Slabbed New Media always filed  
4 its own separate tax return?

5           A       Well, since it was a sole-owned LLC,  
6 it filed as part of my personal tax filing, but it  
7 did file its own Schedule Cs, yes.

8           Q       Tell us about some of the  
9 investigative reporting work that Slabbed New  
10 Media did after it was created.

11          A       Well, aside from the insurances and  
12 the insurance battles, we covered the Jefferson  
13 Parish political corruption scandal, which ended  
14 up lasting a total of three years from its time in  
15 the media until it culminated in convictions and  
16 people going to jail.

17                 The oil spill in 2010 which I  
18 previously mentioned, we got national recognition  
19 with what we did there.

20                 In 2012 the Mississippi Department of  
21 Marine Resources scandal was a real big news item  
22 here on the Coast. And we were able to do some  
23 reporting, not just regurgitating what the  
24 newspapers and the TV were saying, but actually we  
25 were able to bring out some things that was

1 original to that particular public corruption  
2 scandal. A couple of the items resulted in state  
3 prosecutions for, I believe, Kerwin Cuevas in  
4 particular, a gentleman who was charged with a  
5 multitude of things, but essentially he was giving  
6 no-bid contracts to a company owned by his  
7 brother-in-law without disclosing it.

8 Q Did you also -- or did Slabbed New  
9 Media also investigate the corruption scandals in  
10 Jefferson Parish, Louisiana?

11 A Oh, yes. In depth. We got a lot of  
12 press recognition regionally out of that. Slabbed  
13 dot org has been cited several times in the *Times*  
14 *Picayune*, the *New Orleans Advocate*. I was -- I  
15 appeared on WVUE, Channel 8, and gave an interview  
16 in 2010. And we did a lot of work in that area.

17 Q After Slabbed New Media was created  
18 and formed, Mr. Handshoe, have you personally  
19 worked for it?

20 A Yes. Yes.

21 Q Are you the principal and major  
22 employee of Slabbed New Media?

23 A Yes.

24 Q Has all of the investigative  
25 reporting work and blogging that you personally

1 have performed since Slabbed New Media was  
2 incorporated and created, have been done and  
3 dedicated to the furtherance of the Slabbed New  
4 Media business?

5 A Correct. Yes, sir.

6 Q Do you do any investigative reporting  
7 or blogging on your own?

8 A No, I do not.

9 Q Since Slabbed New Media was formed,  
10 have you done investigative reporting and blogging  
11 only as an employee and principal of Slabbed New  
12 Media?

13 A Yes.

14 Q When did the lawsuits start getting  
15 filed?

16 A The threats actually started to come  
17 in April of 2011. Mr. Leary, Mr. Perret, Mr. Abel  
18 had already sued the *Times Picayune* and Channel 8  
19 by that time. I started to get anonymous threat  
20 letters in the mail. Unbeknownst to me they used  
21 the Fox 8 case they had filed up in Canada to try  
22 to get information on my commenters. Despite the  
23 fact that they knew who I was, I was never given  
24 notice of those proceedings.

25 In August of 2011 they filed the

1 first of what was three defamation suits up in  
2 Canada. The August 2011 suit was the one that  
3 Judge Guirola decided under the SPEECH Act.

4 During the pendency of that SPEECH  
5 Act case, in December of 2012 they filed a second  
6 lawsuit against myself and against a former web  
7 host, Automattic. They ended up dropping that  
8 suit in January of 2013, and they refiled another  
9 suit against me for defamation and copyright  
10 infringement in Canada. It's the judgments  
11 related to that case that form the basis of my  
12 indemnity. So it really doesn't have anything to  
13 do with the first case. It's actually the -- the  
14 pair of judgments that came out of the third case  
15 that was filed in Canada.

16 Q Were the activities that you were  
17 charged with in those Canadian lawsuits activities  
18 that you were performing as a principal and  
19 employee of Slabbed New Media or on your own?

20 A Oh, no. They was all connected to  
21 what was on Slabbed New Media and in connection  
22 with my work on Slabbed New Media.

23 Q And was litigation instituted --  
24 affirmative litigation instituted against Trout  
25 Point Lodge and others in the Southern District of

1 Mississippi, Case No. 1:12cv90?

2 A That's correct. That's the SPEECH  
3 Act case, the removal of their attempt to enroll  
4 the first defamation judgment.

5 Q And was that claim filed by you  
6 individually or by Slabbed New Media?

7 A The judgments that came from Canada  
8 were in my name, so the removal was done in my  
9 name, and that's how that case was styled.

10 Q Did you individually recover a claim  
11 in that case for \$48,000 for fees and costs?

12 A That's correct. Yes.

13 Q Did you initially assign that claim  
14 to -- or that judgment receivable to one of your  
15 attorneys and one of Slabbed New Media's  
16 attorneys?

17 A That's correct.

18 Q What's his name?

19 A Jack Bobby Truitt. Everyone calls  
20 him Bobby.

21 Q And did Mr. Truitt assign that claim  
22 back to you?

23 A Yes, he did.

24 Q And did you transfer it to Slabbed  
25 New Media?

1 A Yes.

2 MR. GENO: May I approach the  
3 witness, Your Honor?

4 THE COURT: Yes.

5 BY MR. GENO:

6 Q Mr. Handshoe, I have handed you a  
7 copy of the schedules in this case, and  
8 particularly Schedule B of the schedules. Do you  
9 recognize those documents?

10 A Yes, sir, I do.

11 Q Is the judgment receivable in the  
12 district court case, Southern District of  
13 Mississippi, Trout Point Lodge, et al., against  
14 you, listed as an asset of Slabbed New Media under  
15 question 18, which asks for other liquidated debt  
16 owing to debtor?

17 A Yes.

18 Q And the current value of that claim?

19 A Still \$48,000.

20 Q Thank you.

21 MR. GENO: Your Honor, we ask that  
22 the schedules be marked and entered as Debtor's  
23 Exhibit 1.

24 THE COURT: Admitted as Exhibit 1.

25 (Debtor's Exhibit 1 received in evidence.)

1 BY MR. GENO:

2 Q And is it Slabbed New Media's intent,  
3 Mr. Handshoe, to pursue collection of that claim  
4 in the event the court sees fit to confirm the  
5 Plan?

6 A Yes.

7 Q And will the proceeds of that claim  
8 be dedicated to paying the unsecured creditors in  
9 this case?

10 A Yes.

11 Q You've talked about the Canadian  
12 law --

13 (Transcriber's note: first audio  
14 file ended)

15 Q -- and the claim that Slabbed New  
16 Media has back as a result of that. What other  
17 lawsuits have been filed?

18 A After -- in January of '13,  
19 concurrent with Trout Point suing me up in Canada  
20 and Mr. Leary and Mr. Perret, Daniel Abel, who's  
21 also a partner in Trout Point, filed a defamation  
22 lawsuit in the federal courts over there against  
23 myself and one of the sources of the reporting  
24 that we had on Jefferson Parish, a lady by the  
25 name of Anne Marie Vandenweghe, who was actually a

1 resident of Mississippi at that time. Mr. Abel  
2 voluntarily dismissed that suit the day before it  
3 was due to be heard under the Louisiana anti-SLAPP  
4 statute. We had moved to strike his Complaint.

5 He then refiled that Complaint in the  
6 New Orleans Civil District Court. Not only did he  
7 sue myself, Ms. Vandenweghe. He sued Bobby  
8 Truitt. He also sued the lawyers with -- oh, heck  
9 -- Scott Sternberg and his crew that had signed on  
10 to represent me in the federal court case, the  
11 folks with Baldwin Haspel who had agreed to  
12 represent me in that case. Of course, he sued  
13 them to conflict them out.

14 Q Were the activities complained of in  
15 both those lawsuits against you conducted as an  
16 employee and a principal and an owner of Slabbed  
17 New Media?

18 A Yes. Yes. And not only that. They  
19 also duplicated allegations that were in the first  
20 Canadian suit. It was -- about half of that suit  
21 was just a replay of the first suit in Canada that  
22 Judge Guirola refused to extend comity on.

23 Q What is the status of that litigation  
24 currently?

25 A The last movement in it was Mr. Abel

1 was supposed to be deposed. They set a date in  
2 February. He filed a motion to quash his  
3 deposition. Mr. Truitt, who was pushing that,  
4 filed a motion to compel him for a deposition.  
5 The judge sided with Truitt. A date was set in  
6 March of this year for Mr. Abel to sit for his  
7 deposition, and he did not show up for his  
8 deposition. Instead he filed another motion to  
9 quash.

10 So that case really has not moved a  
11 whole lot from the day he filed it in May of 2013  
12 to today. He has not done -- the case has not  
13 advanced procedurally where I've even had to file  
14 an Answer in that case. So it's, in reality, at a  
15 very early stage.

16 Q Is that a case in which you have made  
17 demand back against Slabbed New Media for  
18 indemnification?

19 A Yes.

20 MR. GENO: May I approach the  
21 witness, Your Honor?

22 THE COURT: Yes.

23 BY MR. GENO:

24 Q Mr. Handshoe, I've handed you a copy  
25 of the Operating Agreement of Slabbed New Media,

1     LLC. Can you identify that for us, please, sir?

2                 A     Yes. This is the Operating Agreement  
3     for Slabbed New Media.

4                 Q     Does it contain in Section 16 an  
5     indemnification provision?

6                 A     Yes, it does.

7                 Q     And does that provision require  
8     what's referred to as the Company, Slabbed New  
9     Media, to indemnify any member, manager or other  
10    person from and against any and all claims and  
11    demands whatsoever?

12                A     Yes.

13                Q     Is there an exclusion in the  
14    indemnity if a judgment or other final  
15    adjudication adverse to the indemnity established  
16    that the employee or manager was guilty of acts  
17    committed in bad faith or the result of active and  
18    deliberate dishonesty?

19                A     Yes.

20                Q     Are any of the acts that are  
21    complained of by any of these claimants against  
22    you -- were any of those actions done with  
23    deliberate dishonesty or in bad faith by you?

24                A     No.

25                Q     Were they all done for and on behalf

1 of your -- and in furtherance of your employment  
2 and your ownership of Slabbed New Media?

3 A Yes.

4 MR. GENO: Your Honor, we would ask  
5 that the Operating Agreement of Slabbed New Media  
6 be marked and entered as Debtor's Exhibit 2.

7 THE COURT: Admitted as Exhibit 2.

8 (Debtor's Exhibit 2 received in evidence.)

9 BY MR. GENO:

10 Q Are there other litigations, Mr.  
11 Handshoe, that are being actively pursued arising  
12 out of your employment and ownership of Slabbed  
13 New Media?

14 A Yes. The Yount case in Jefferson  
15 Parish where Slabbed New Media is actually named  
16 as one of the defendants.

17 Q And what's the status of that case?

18 A It's really kind of the same as the  
19 case that Abel has in the CDC. At an early stage  
20 an Answer was filed within a few days before the  
21 filing of the Chapter 11. Hasn't advanced since  
22 that time. We filed motions to strike under  
23 Louisiana's anti-SLAPP statute. The judge  
24 sustained those.

25 As Judge Samson pointed out, those

1 anti-SLAPP strikes were reversed by the Fifth  
2 Circuit Court of Appeals. I did not appeal the  
3 decision. Bobby Truitt, who left a comment on my  
4 blog about a court document, did appeal; and he  
5 was denied. And that's really where that case  
6 sits, at a pretty early procedural stage. There  
7 could be other exceptions that could have  
8 occurred, for instance, before I even would have  
9 had to have filed an Answer, but there's really  
10 nothing happened with that case for the past, at  
11 least, year.

12 Q I take it Mr. Truitt was also sued as  
13 a defendant in that case, along with you?

14 A Yes. Yes. To conflict him out.

15 Q And along with Slabbed Media?

16 A Yes.

17 Q And were the actions that are  
18 complained of by the plaintiff in that case  
19 against you done and conducted for and in  
20 furtherance of your role as an employee and owner  
21 of Slabbed New Media?

22 A Yes.

23 Q Is that also one of the cases for  
24 which you have made demand against Slabbed New  
25 Media for indemnification?

1           A       Yes.

2           Q       Is there any other litigation that  
3 has been filed against you or against Slabbed New  
4 Media, Mr. Handshoe, arising out of your  
5 activities as an employee and/or an owner of  
6 Slabbed New Media?

7           A       Not to my knowledge.

8           Q       Are there claims or causes of action  
9 that you believe Slabbed New Media has arising out  
10 of some of this litigation that it will pursue?

11          A       Yes. The Yount case, we asserted  
12 counterclaims for abuse of process related to the  
13 suing of Mr. Truitt, amongst other things.

14                 There is also unasserted claims. I  
15 personally have a 17 U.S. Code 512(f) action  
16 outstanding right now related to DMC takedown  
17 notices that were submitted by the Trout Point  
18 group over the course of the past three years  
19 which I -- everything is under the statute of  
20 limitations. Several claims related to those  
21 takedown notices are out there.

22                 Slabbed New Media has just had a  
23 devil of a time finding legal help because my  
24 lawyers seem to get sued by these guys with  
25 regularity.

1           Q     Is that one of the purposes of filing  
2 this Chapter 11 case, so that Slabbed New Media  
3 can hopefully obtain counsel when some of these  
4 claims are taken care of in the bankruptcy case?

5           A     Yes.

6           Q     And is it one of its purposes in  
7 filing bankruptcy to rid itself of some of these  
8 claims that are out there or threaten to be out  
9 there so it could start up its blogging and its  
10 investigative reporting business again?

11          A     And more than that, to grow it. I  
12 had actually had discussions with a fairly  
13 prominent journalist here on the Coast about  
14 coming to work for Slabbed New Media. The  
15 propensity of everybody to get sued by the same  
16 group of people for the mere act of association  
17 has had a tremendously chilling affect on my  
18 ability to attract anyone to help me.

19               There was a court hearing in Yount in  
20 March of last year, the height of tax season. And  
21 my spouse represented Slabbed at that particular  
22 hearing, in a sealed proceeding. Yount was  
23 sealed. And that evening there was a blog called  
24 RealMalice that covered those sealed proceedings  
25 and threatened my wife and Connie Montgomery with

1 a lawsuit. An anonymous blog, but someone who was  
2 in that courtroom obviously had to have written  
3 that entry.

4 Q Tell us who Connie Montgomery is.

5 A Pardon me?

6 Q Tell us who Connie Montgomery is.

7 A Ms. Montgomery is a very brave lady  
8 who agreed to represent both myself and Slabbed  
9 New Media in the CDC case that Mr. Abel had filed  
10 and in the Jefferson Parish case that Mr. Abel  
11 filed for Yount against Slabbed.

12 Q And is Ms. Montgomery one of the  
13 unsecured creditors in this case?

14 A Yes.

15 Q Along with Mr. Truitt.

16 A Yes.

17 Q Are there any other claims or causes  
18 of action on behalf of Slabbed New Media,  
19 Mr. Handshoe, that it intends to pursue in the  
20 event the court sees fit to confirm the Plan in  
21 this case?

22 A Possibly -- quite possibly a  
23 malicious prosecution case, depending on how the  
24 Yount case is resolved, in particular.

25 Q Have there been threats of litigation

1   against Slabbed New Media that have not yet been  
2   filed?

3           A       No.

4           Q       Are you concerned that absent a  
5   discharge of any claims by any of these creditors  
6   or plaintiffs you've talked about, that they may  
7   end up filing claims against Slabbed New Media?

8           A       Perhaps, yes.

9           Q       Has that had a chilling effect on the  
10   Slabbed New Media business and its ability to  
11   attract counsel?

12          A       Oh, without a doubt.

13          Q       And is that one of the advantages you  
14   hope to achieve by obtaining a Plan of  
15   Reorganization -- a confirmed Plan of  
16   Reorganization here?

17          A       Yeah, that's correct, sir.

18          Q       Mr. Handshoe, in the event there are  
19   no funds forthcoming in the first anniversary of  
20   the effective date of the Plan, if the court sees  
21   fit to confirm it, and there are no profits -- net  
22   operating profits from Slabbed New Media in that  
23   same time frame, have you agreed to contribute  
24   \$10,000 to the reorganization for and on behalf of  
25   the unsecured creditors?

1           A       Yes.

2           Q       Mr. Handshoe, has this case and the  
3   Plan of Reorganization pending before the court  
4   been filed in good faith?

5           A       Yes.

6           Q       Tell us what you hope to accomplish  
7   by getting -- what Slabbed New Media hopes to  
8   accomplish by getting a Plan confirmed here.

9           A       Well, I'd like to try, to the extent  
10   possible, wrap all the litigation up into a  
11   package and dispose of it so that the LLC can be  
12   in a position to move forward, hire -- actually  
13   hire a journalist, which is my big goal, and to  
14   operate not only -- to operate freely, to be able  
15   to have counsel engaged where there's not going to  
16   be a threat that these guys are going to sue them  
17   just to conflict them out and send a message that  
18   anybody that associates with me is going to get  
19   sued. That's really kind of the big goal, is to  
20   be able to move the business on to the next stage  
21   and hopefully grow it.

22          Q       Do you believe in good faith that the  
23   business can grow and operate at a meaningful  
24   profit?

25          A       Yes.

1 Q Has it satisfied the rules of the  
2 Internal Revenue Service to be a profitable  
3 business and not be deemed a hobby since it was  
4 created?

5 A Yes. Yes, it has.

6 Q In your view, is the Plan feasible?  
7 In other words, can Slabbed New Media make the  
8 payments that it has promised to make under the  
9 terms of its Plan and under your agreement to  
10 contribute funds to it if it does not raise those  
11 funds in the first year?

12 A Yes.

13 Q In the event the court sees fit to  
14 confirm the Plan, are your creditors getting at  
15 least as much as they would get in a Chapter 7  
16 case?

17 A They'd get more.

18 Q In the event the court sees fit to  
19 confirm the Plan, do you feel there would be a  
20 need for further reorganization or a liquidation  
21 of any of the Slabbed New Media assets other than  
22 its claims and causes of action which you plan to  
23 liquidate?

24 A NO.

25 MR. GENO: Your Honor, I don't have

1 any further examination of Mr. Handshoe at this  
2 time, but I do have some additional exhibits I'd  
3 like to put into the record --

4 THE COURT: Okay.

5 MR. GENO: -- that are all, I  
6 believe, pleadings that already exist.

7 THE COURT: There's no reason for you  
8 to put those in the record as separate exhibits to  
9 this hearing. You can just announce that you're  
10 relying on anything -- these are all docket  
11 pleadings?

12 MR. GENO: They are, Your Honor.

13 THE COURT: There's no -- we're just  
14 going to re-upload them, and so there's really no  
15 reason to do that. Why don't you just announce  
16 what you're relying on --

17 MR. GENO: Thank you, Your Honor.

18 THE COURT: -- instead of us  
19 re-uploading them all.

20 MR. GENO: The Disclosure Statement,  
21 which is Docket No. 73. The Plan of  
22 Reorganization, which is Docket No. 72. The Order  
23 conditionally approving the Disclosure Statement  
24 and setting the Plan for objections, time for  
25 ballots, Docket No. 80. The Certificate of

1 Service, Docket No. 82, certifying that the Order  
2 approving the Disclosure Statement conditionally,  
3 the Disclosure Statement itself, the Plan of  
4 Reorganization, Notice of Hearing and a ballot  
5 have been submitted to creditors and parties in  
6 interest.

7 And then lastly, the Ballot Summary  
8 and Certification certifying that all creditors  
9 voting in Class 3, which is an impaired class,  
10 voted to accept the Plan of Reorganization 100  
11 percent in number of creditors voting and in 100  
12 percent of dollar amounts. Included in that  
13 Ballot Summary, Your Honor, is Mr. Handshoe's  
14 ballot; but if it is not considered or if it is  
15 certified, the other ballots also all vote to  
16 accept the Plan 100 percent in number of creditors  
17 voting and 100 percent of dollar amounts.

18 THE COURT: Okay.

19 MR. GENO: Thank you, Mr. Handshoe.

20 No further questions of this witness.

21 THE COURT: Mr. Steiskal, do you have  
22 some questions for Mr. Handshoe?

23 MR. STEISKAL: Briefly, Your Honor,  
24 if I may. May it please the court, once again,  
25 Chris Steiskal for the U.S. Trustee.

1                           CROSS-EXAMINATION

2   BY MR. STEISKAL:

3                           Q       Good afternoon, Mr. Handshoe. How  
4   are you today?

5                           THE COURT: Hang on one second. Can  
6   you see him on your screen?

7                           THE WITNESS: No, ma'am, it's not on.  
8                           (Off-record discussion).

9                           THE COURT: Okay.

10   BY MR. STEISKAL:

11                          Q       Mr. Handshoe, can you hear me okay?

12                          A       Yes, I can.

13                          Q       Mr. Handshoe, is Slabbed New Media  
14   currently profitable?

15                          A       This year it has not turned a profit  
16   at this point. I have not done any sort of heavy  
17   fundraising pushes so far this year. Typically do  
18   that in the late spring or early summer.

19                          Q       And why are you waiting to do it in  
20   the summer?

21                          A       Mainly it's just a question of time.  
22   I'm a one-man band with two businesses, and in  
23   order to -- my experience is to maximize reader  
24   donations, you have to roll the request for money  
25   out with a pretty good hard-hitting investigative

1 series, which I have one in progress that I'm  
2 working on right now.

3 Q Do you know what the net profits for  
4 Slabbed New Media was for 2015?

5 A Pre-petition, there would have been a  
6 big loss because I paid a good-sized retainer to  
7 Mr. Geno. Post-petition, I believe the company  
8 made over \$1,000. Actually, it would have  
9 qualified as its best year ever.

10 Q And Mr. Geno referred and you  
11 testified regarding the Slabbed Operating  
12 Agreement, which I believe has been admitted as  
13 Exhibit 2. Is that correct?

14 A Yes, sir.

15 Q Who drafted that agreement?

16 A I did.

17 Q Mr. Handshoe, do you currently take a  
18 salary or any kind of distribution from Slabbed  
19 New Media?

20 A Not since we filed the Chapter 11  
21 petition. Before that I typically took  
22 distributions at the end of the year based upon  
23 profitability.

24 Q And do you recall how much those  
25 distributions were for the last couple of years

1 prior to the bankruptcy being filed?

2 A Somewhere between 4- and \$600 a year.

3 Q If you're required to make the  
4 \$10,000 contribution to pay creditors in this case  
5 after one year from the confirmation anniversary,  
6 where will those funds come from?

7 A Out of my personal money.

8 Q And is that from your CPA work?

9 A Yes, primarily. That's my primary  
10 source of income. That's correct.

11 MR. STEISKAL: Thank you, Your Honor.

12 That's all the questions I have.

13 THE COURT: Okay. Mr. Geno?

14 MR. GENO: Just one in redirect, Your  
15 Honor.

16 REDIRECT EXAMINATION

17 BY MR. GENO:

18 Q Mr. Handshoe, have you backed off or  
19 not been as active, maybe a better way to state  
20 it, in raising money and contacting donors because  
21 you fear they may get sued by some of these  
22 claimants?

23 A without a doubt, if the names of my  
24 donors got out, they would be threatened, without  
25 a doubt.

1 Q Thank you.

2 MR. GENO: Nothing further, Your  
3 Honor.

4 THE COURT: Okay. Mr. Handshoe, you  
5 can step down. Thank you.

6 MR. GENO: Your Honor, that concludes  
7 our presentation.

8

9 \* \* \* \* \*

10

11 CERTIFICATE OF TRANSCRIPTIONIST

12 I, Carol Winstead Gray, hereby certify that I  
13 have transcribed the foregoing 30 pages, and  
14 including this page, to the best of my ability  
15 from an audio recording of the proceeding.

16 This the 28th day of December, 2018.

17

18 /s/ Carol Winstead Gray

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